YEOHATA MACHINERIES SDN BHD & ANOR v. COIL MASTER SDN BHD & ORS

COURT OF APPEAL, PUTRAJAYA
BALIA YUSOF WAHI JCA
ABANG ISKANDAR JCA
VERNON ONG LAM KIAT JCA
[CIVIL APPEAL NO: W-02-1029-2011]
18 SEPTEMBER 2015

INTELLECTUAL PROPERTY: *Patent – Infringement – Apparatus and process for manufacture of mosquito coils – Whether defendants acquired confidential information from plaintiffs – Whether defendants incorporated company to sell mosquito coil making machine based on information acquired – Whether breach of confidential information, breach of fiduciary duties, fraudulent misrepresentation and conspiracy to injure established – Whether there was infringement of patent – Whether patent was based on prior art – Whether trial judge erred in invalidating patent*

EVIDENCE: *Admissibility – Statements of opinion – Infringement of patent – Whether statements made by experts – Whether statements relevant and admissible – Failure to call material witness to prove prior art – Whether fatal to defendant's counterclaim – Evidence Act 1950, s. 114(g)*

The first appellant ('first plaintiff') was the owner of a patent relating to an apparatus and process for the manufacture of mosquito coils ('the patent'). The second appellant ('second plaintiff') was granted a licence by the first plaintiff to manufacture a mosquito coil making machine known as 'Yeohata'. The second respondent ('second defendant') was a director and marketing manager in Moscoil Enterprise (M) Sdn Bhd ('Moscoil') which was appointed as the marketing arm of the second plaintiff. The third defendant was the research and development engineer of the second plaintiff. The plaintiffs' claim was that the second defendant had acquired confidential information relating to the sale, marketing and customers of the plaintiffs and the third defendant had acquired confidential information relating to the manufacture, production and operation of Yeohata. With the information acquired, the second and third defendants, in breach of their fiduciary duties, incorporated the first defendant company to manufacture and sell mosquito coil making machine by the trade name 'Coilmaster MK-1'. The plaintiffs, therefore, contended that the second and third defendants' conduct amounted to an infringement of the patent. The plaintiffs further contended that the defendants had conspired to defraud and injure the plaintiffs in their business by inducing the second plaintiff's customers to switch to the first defendant's machines. As such, the plaintiffs sought orders to, *inter alia*, restrain and/or prohibit the respondents from infringing the patent and using the confidential information of the plaintiffs. On the other hand, the defendants counterclaimed for the invalidation of the patent on the ground that there was

prior art. The High Court dismissed the plaintiffs' claim and allowed the defendants' counterclaim. Hence, the present appeal. The plaintiffs argued, *inter alia*, that the trial judge had (i) allowed inadmissible evidence adduced by the defendants; (ii) erred in failing to draw an adverse inference against the defendants under s. 114(g) of the Evidence Act 1950 ('Act') for the defendants' failure to call the Registrar of Patents and expert witnesses to challenge the patent; (iii) failed to make rulings on whether evidence given by the defendants' witnesses *ie*, SD2 and SD4 were opinions as opposed to statements of fact; and (iv) misinterpreted the nature of the patent.

Held (allowing appeal in part with costs borne by parties respectively)
Per Vernon Ong Lam Kiat JCA delivering the judgment of the court:

(1) There was no evidence to support the assertion that the Coilmaster MK-1 infringed the patent. The plaintiffs' claim appeared to be premised on the assumption that the Coilmaster MK-1 was copied from Yeohata because of the experience and knowledge acquired by the defendants whilst working for the first plaintiff. In fact, it was the plaintiffs' own evidence that the Yeohata machine functioned differently and better than the Coilmaster MK-1. As such, there was no misdirection of the evidence on the part of the trial judge. (para 18)

(2) The plaintiffs did not produce any evidence to show that they had imparted confidential information to the second and third defendants as there was no such confidential information. The plaintiffs' own witness had confirmed that the suppliers' list and the process had been in the public domain. As such, the trial judge had correctly found that the plaintiffs had failed to prove the existence of a cause of action for breach of confidence. (para 21)

(3) There was no evidence to show that representations were made to the plaintiffs. The documents referred to by the plaintiffs were addressed to third parties. There was nothing to show that the plaintiffs had acted on the false statements to their detriment. In the circumstances, all the necessary elements to sustain the plaintiffs' claim for breach of duties and fraudulent misrepresentation had not been established. Therefore, the plaintiffs' assertion of fraudulent misrepresentation was without merit. (para 24)

(4) The trial judge found that the evidence produced by the plaintiffs was not sufficient to establish the tort of conspiracy to injure. The defendants did not take any confidential information from the plaintiffs. There was no agreement to prevent the defendants from incorporating a new company. As such, the findings of fact of the trial judge should not be disturbed. (para 25)

(5) The statements of SD2 and SD4 were not statements of fact but opinions. SD2 and SD4 were not experts within the meaning of s. 45 of the Act. There was no evidence to show that SD2 or SD4 were

specially skilled in the technical process of making mosquito coil production pursuant to s. 40 of the Act. In the circumstances, the evidence of SD2 and SD4 should have been ruled inadmissible and irrelevant. (para 29)

(6) The defendants' argument that the Yeohata machine was not novel as it was already anticipated by prior art were without foundation and unsubstantiated. The fact that there was prior art for some features in a machine did not preclude an application for the other features of the machine without prior art. There was uncontroverted evidence to show that there was proper disclosure of prior art by the first plaintiff in its application for the patent. The defendants' failure to call the Registrar of Patents and the expert witness was fatal to their counterclaim. Accordingly, the decision of the trial judge in invalidating the patent pursuant to the defendants' counterclaim was set aside. (paras 30 & 31)

Bahasa Malaysia *Headnotes*

Perayu pertama ('plaintif pertama') adalah pemilik paten peralatan dan proses pengeluaran lingkaran ubat nyamuk ('patent'). Perayu kedua ('plaintif kedua') diberi lesen oleh plaintif pertama untuk mengeluarkan mesin pembuatan lingkaran ubat nyamuk dikenali sebagai 'Yeohata'. Responden kedua ('defendan kedua') ialah seorang pengarah dan pengurus pemasaran di Moscoil Enterprise (M) Sdn Bhd ('Moscoil') yang dilantik sebagai syarikat pemasaran plaintif kedua. Defendan ketiga seorang jurutera penyelidikan dan pembangunan plaintif kedua. Tuntutan plaintif-plaintif adalah bahawa defendan kedua telah memperoleh maklumat sulit berkaitan dengan jualan, pemasaran dan pelanggan plaintif-plaintif dan defendan ketiga memperoleh maklumat sulit berkaitan dengan pengeluaran, pembuatan dan operasi Yeohata. Dengan maklumat yang diperolehi, defendan kedua dan ketiga, dalam melanggar kewajipan fidusiari mereka, menubuhkan syarikat defendan pertama bagi pengeluaran dan penjualan mesin pembuatan lingkaran ubat nyamuk dengan nama dagangan 'Coilmaster MK-1'. Plaintif-plaintif, dengan itu menegaskan bahawa tindakan defendan kedua dan ketiga merupakan pelanggaran paten. Plantif-plaintif selanjutnya menegaskan bahawa defendan-defendan berkonspirasi menipu dan menyebabkan kerugian kepada plaintif-plaintif dalam perniagaannya dengan mendorong pelangan plaintif kedua untuk beralih kepada mesin defendan pertama. Oleh itu, plaintif-plaintif memohon perintah untuk, antara lain, menghalang dan/atau melarang responden-responden daripada melanggar paten dan menggunakan maklumat sulit plaintif-plaintif. Sebaliknya, defendan-defendan membuat tuntutan balas untuk pembatalan paten atas alasan bahawa wujud seni terdahulu. Mahkamah Tinggi menolak tuntutan plaintif-plaintif dan membenarkan tuntutan balas defendan-defendan. Oleh itu, rayuan ini. Plaintif-plaintif menghujahkan, antara lain, bahawa hakim bicara telah (i) membenarkan keterangan yang tidak boleh diterima masuk dikemukakan oleh defendan-defendan; (ii) terkhilaf apabila gagal membangkitkan anggapan bertentangan

terhadap defendan-defendan di bawah s. 114(g) Akta Keterangan 1950 ('Akta') atas kegagalan defendan memanggil Pendaftar Paten dan saksi pakar bagi mencabar paten; (iii) gagal memutuskan sama ada keterangan yang diberikan oleh saksi-saksi defendan-defendan iaitu SD2 dan SD4 adalah pendapat berbanding dengan kenyataan fakta; dan (iv) menyalah tafsir sifat paten.

Diputuskan (membenarkan sebahagian rayuan dengan kos ditanggung oleh pihak masing-masing)

Oleh Vernon Ong Lam Kiat HMR menyampaikan penghakiman mahkamah:

(1) Tiada keterangan yang menyokong dakwaan bahawa Coilmaster MK-1 melanggar paten. Tuntutan plaintif seolah-olah berdasarkan andaian bahawa Coilmaster MK-1 ditiru daripada Yeohata kerana pengalaman dan pengetahuan defendan-defendan sewaktu bekerja untuk plaintif pertama. Malah, keterangan plaintif-plaintif sendiri menunjukkan bahawa mesin Yeohata berfungsi secara berbeza dan lebih baik berbanding Coilmaster MK-1. Oleh itu, tiada salah arah keterangan oleh hakim bicara.

(2) Plaintif-plaintif tidak mengemukakan sebarang keterangan yang menunjukkan bahawa mereka menyampaikan maklumat sulit kepada defendan kedua dan ketiga oleh kerana maklumat sulit sedemikian sememangnya tidak wujud. Saksi plaintif sendiri mengesahkan bahawa senarai pembekal dan proses diperoleh dari luar. Dengan itu, hakim bicara dengan tepat mendapati bahawa plaintif-plaintif gagal membuktikan kewujudan kausa tindakan bagi pelanggaran amanah.

(3) Tiada keterangan yang menunjukkan representasi dibuat kepada plaintif-plaintif. Dokumen dirujuk oleh plaintif-plaintif dialamatkan kepada pihak ketiga. Tiada apa-apa yang menunjukkan bahawa plaintif bertindak atas kenyataan palsu yang merugikan mereka. Dalam keadaan ini, semua elemen yang diperlukan bagi mengekalkan tuntutan plaintif-plaintif untuk pelanggaran kewajipan dan salah nyataan fraud tidak dapat dibuktikan. Oleh itu, dakwaan salah nyataan fraud plaintif tidak bermerit.

(4) Hakim bicara mendapati bahawa keterangan yang dikemukakan oleh plaintif-plaintif tidak mencukupi bagi membentuk tort konspirasi yang menyebabkan kerugian. Defendan-defendan tidak mengambil sebarang maklumat sulit daripada plaintif-plaintif. Tiada perjanjian yang menghalang defendan-defendan daripada menubuhkan sebuah syarikat baru. Oleh itu, dapatan fakta hakim bicara tidak harus diganggu.

(5) Kenyataan SD2 dan SD4 bukan kenyataan fakta tetapi pendapat. SD2 dan SD4 bukan pakar dalam maksud s. 45 Akta. Tiada keterangan yang menunjukkan SD2 atau SD4 berkepakaran khusus dalam proses teknikal

pengeluaran lingkaran ubat nyamuk menurut s. 40 Akta. Dalam hal keadaan ini, keterangan SD2 dan SD4 sewajarnya diperintahkan sebagai tidak boleh diterima dan tidak relevan.

(6) Hujahan defendan-defendan bahawa mesin Yeohata bukan terbaharu kerana telah dijangka oleh ciptaan seni terdahulu tidak berasas dan tidak dibuktikan. Hakikat bahawa terdapat seni terdahulu bagi sebahagian ciri mesin tidak menghalang permohonan bahawa terdapat ciri-ciri lain tanpa seni terdahulu. Terdapat keterangan tidak disangkal yang menunjukkan bahawa terdapat pendedahan wajar terhadap seni terdahulu oleh plaintif pertama dalam permohonan untuk paten. Kegagalan defendan-defendan memanggil Pendaftar Paten dan saksi pakar menjejaskan tuntutan balas mereka. Oleh itu, keputusan hakim bicara untuk membatalkan paten ekoran tuntutan balas defendan diketepikan.

Case(s) referred to:
Abrath v. North Eastern Railway Co [1883] 11 QBD 440 ***(refd)***
Birmingham Sound Reproducers Ltd v. Collaro [1956] RPC 232 ***(refd)***
Bradford Third Equitable Benefit Building Society v. Borders [1941] 2 All ER 205 ***(refd)***
Coco v. AN Clark (Engineers) Ltd [1969] RPC 41 ***(refd)***
Derry v. Peek [1889] 14 App Cas 337 ***(refd)***
Lim Choong Huat & Ors v. Syntlz Enterprise Sdn Bhd & Ors [2010] 1 CLJ 860 HC ***(refd)***
Rodi & Wienenberger AG v. Henry Showell Ltd [1969] RPC 367 ***(refd)***
Selvaduray v. Chinniah [1939] 1 LNS 107 SC ***(refd)***

Legislation referred to:
Evidence Act 1950, ss. 40, 45, 101(1), 102, 114(g),
Patents Act 1983, ss. 11, 12, 13, 14, 15, 16, 23, 29A(4), 31(1), 36(3), 56(2), 58,

For the appellant - Matthias Chang (Cheah Tien Eu & Mohd Akmal Afiq Mohamad with him); M/s Suhaimi Khor Zulkifli & Chang
For the respondent - Eow Khean Fatt (Kenneth Chong Kheng Aik with him); M/s Shen, Eow & Partners

[Editor's note: For the High Court judgment, please see Yeohata Industries Sdn Bhd & Anor v. Coil Master Sdn Bhd & Ors [2001] 6 CLJ 418 (overruled in part)]

Reported by Sandra Gabriel

JUDGMENT

Vernon Ong Lam Kiat JCA:

Introduction

[1] The first appellant (first plaintiff in the High Court) is the owner of Malaysian Patent MY-125572A relating to an apparatus and process for the manufacture of mosquito coils ("the patent"). The second appellant (second plaintiff in the High Court) is in the business of manufacturing and exporting mosquito coil making machine known as "Yeohata" The appellants are

seeking for orders to, *inter alia*, restrain and/or prohibit the respondents from infringing the patent and using the confidential information of the appellants, delivery of books, records and other documents relating to the patent, damages and costs.

[2] The respondents (the first, second and third defendants in the High Court) have counterclaimed for the invalidation of the patent on the ground that there is prior art.

[3] At the conclusion of the trial of the action, the High Court dismissed the appellants' claim with costs and allowed the respondents' counterclaim for the invalidation of the patent with costs. The appellants have appealed against the decision of the High Court. In this judgment, we will refer to the parties as they were referred to at the High Court.

Background Facts

[4] The first plaintiff's application for the patent bearing the title "Improvement in mosquito coil production" was filed on 21 October 1997 and the patent was granted on 30 August 2006. According to the certificate of grant of the patent the inventor is one Loo Yuen Weng and the patent owner is the first plaintiff.

[5] The invention provides apparatus for the production of mosquito coils in which much of the handling of the trays is automatically carried out and in which many of the operations which in the prior art apparatus are effected mechanically, can be effected pneumatically or hydraulically.

[6] The second plaintiff was granted the licence by the first plaintiff to manufacture the Yeohata and to deal with all confidential information relating to the apparatus and process of the Yeohata.

[7] The second defendant was a director and marketing manager in Moscoil Enterprise (M) Sdn Bhd ("Moscoil") which was appointed as the marketing arm of the second plaintiff. The third defendant is the son of the second defendant; he was at the material time working as the research and development engineer of the second plaintiff.

Plaintiffs' Case

[8] The plaintiffs' claim is predicated on the following causes of action: (i) infringement of the Patent, (ii) breach of confidential information, (iii) breach of fiduciary duties, (iv) fraudulent misrepresentation; and (v) conspiracy to injure.

[9] Briefly stated, the plaintiffs' case is that:

(i) in their respective capacities, the second defendant had acquired confidential information relating to the sale, marketing and customers of the plaintiffs and the third defendant had acquired confidential information relating to the manufacture, production and operation of the Yeohata;

(ii) in breach of their fiduciary duties, the second and third defendants incorporated the first defendant company to manufacture and sell mosquito coil making machine by the trade name "Coilmaster MK-1" without the consent of the plaintiffs and which is an infringement of the patent; and

(iii) the defendants conspired to defraud and injure the plaintiffs in its business in that the defendants have induced a potential customer of the second plaintiff and of Moscoil Enterprise (M) Sdn Bhd, an Italian company by the name of Zobele International BV to be a shareholder of the first defendant company in a bid to induce other customers to switch over to the first defendant's machines.

[10] Before us, learned counsel for the plaintiffs premised his appeal on the following five main grounds:

(i) the learned trial judge misdirected herself as to the evidence adduced by the defendants and failed to consider the evidence adduced by the plaintiffs;

(ii) the learned trial judge had allowed inadmissible evidence adduced by the defendants, and misinterpreted opinions as statement of facts;

(iii) the learned trial judge erred in failing to draw an adverse inference against the defendants under s. 114(g) of the Evidence Act 1950 for the defendant's failure to call two witnesses (one Mr Leong the alleged inventor of Tickwell machine and the Registrar of Patents) to challenge the Patent;

(iv) the learned trial judge failed to make rulings on whether evidence given by the defendants' witnesses (Yap Min Cheong (SD2) and Lee Kok Seong (SD4)) were opinion as opposed to statement of facts; and

(v) the learned trial judge misinterpreted the nature of the patent.

Whether There Was Any Infringement Of The Patent?

[11] In her grounds of judgment the learned trial judge found that the plaintiffs failed to prove that the Coilmaster MK-1 had breached the patent.

[12] In essence, the evidence adverted to by learned counsel for the plaintiffs relates to the circumstances surrounding the incorporation of the first defendant company whilst the second defendant was the managing director of Moscoil, that the second and third defendants have no prior experience in the manufacture of mosquito coil making machines before taking up employment with Moscoil.

[13] Evidence was also led to show that prior to the application for the patent in October 1997, substantial improvements have already been made to the methodology of mosquito coil production when compared to the Nakamura and Tickwell machines. Nakamura machines were imported from

Japan and were commonly used in Malaysia in the 1960s and 1970s. The Nakamura machine consists of a back line which makes and extrudes the dough which is used by the stamping machine to make mosquito coils. The Tickwell machine was developed locally in 1991. It also comprises of the back line and stamping machine. In addition, it is pneumatically driven in that the movement of the trays to the stamping system are driven by pneumatics. The movements are controlled by a computer called the PLC (program logic controller).

[14] Learned counsel for the plaintiffs argued that the second and third defendants have failed to produce any independent comparative analysis of the improvements made by them to the Coilmaster machine by reputable consultants. In this connection, it is pertinent to note that the first defendant is the owner of the patent entitled "A Die Cutting Apparatus And A Method Of Use Thereof" which was granted on 31 March 2004. The third defendant is identified as the inventor of this patent.

[15] The learned trial judge referred to s. 58 of the Patents Act 1983 (PA 1983) and to the trite principles enunciated in *Lim Choong Huat & Ors v. Syntlz Enterprise Sdn Bhd & Ors* [2010] 1 CLJ 860, *Rodi & Wienenberger AG v. Henry Showell Ltd* [1969] RPC 367 (HL) and *Birmingham Sound Reproducers Ltd v. Collaro* [1956] RPC 232. On the evidence, the learned trial judge found that the ingredients of infringement under sub-s. 36(3) of the PA 1983 have not been established by the plaintiffs. The plaintiffs have failed to call witnesses to explain how the Coilmaster MK-1 machine has breached every claim of the patent.

[16] Under s. 58 of the PA 1983, an infringement of a patent shall consist of the performance of any act referred to in sub-s. 36(3) by a person other than the owner of the patent. Subsection 36(3) reads as follows:

> (3) For the purposes of this part, "exploitation" of a patented invention means any of the following acts in relation to a patent:
>
> (a) when the patent has been granted in respect of a product:
>
> (i) making, importing, offering for sale, selling or using the product;
>
> (ii) stocking such product for the purpose of offering for sale, selling or using;
>
> (b) when the patent has been granted in respect of a process:
>
> (i) using the process;
>
> (ii) doing any of the acts referred to in paragraph (a) in respect of the product obtained directly by means of the process."

[17] In law, the party who desires the court to give judgment in its favour as to any legal right or liability bears the burden of proof (s. 101(1) of the Evidence Act 1950). The burden of proof on that party is twofold: (i) the burden of establishing a case; and (ii) the burden of introducing evidence.

The burden of proof lies on the party throughout the trial. The standard of proof required of the plaintiff is on the balance of probabilities. The evidential burden of proof is only shifted to the other party once that party has discharged its burden of proof. If that party fails to discharge the original burden of proof, then the adverse party does not need to adduce any evidence. In this respect it is the plaintiffs who must establish their case of infringement. If the plaintiffs fail to do so, it will not do for the plaintiffs to say that the defendants have not established their defence (*Selvaduray v. Chinniah* [1939] 1 LNS 107; [1939] MLJ 253 SC; s. 102 of the Evidence Act 1950). It should also be noted that there must be some preponderance in the plaintiffs' favour at the conclusion of the whole case. Even if the plaintiffs had established a *prima facie* case, but if at the conclusion of the trial the court finds that the position was exactly even, then any preponderance in favour of the plaintiffs has ceased to exist. If that happens, then the plaintiffs have failed to discharge the burden of proof which is upon it, and the plaintiffs must necessarily fail (*Abrath v. North Eastern Railway Co* [1883] 11 QBD 440, 452 (CA).

[18] We find that there is no evidence to support the assertion that the Coilmaster MK-1 infringed the patent. The plaintiffs' claim appears to be premised on the assumption that the Coilmaster MK-1 must have been copied from the Yeohata because of the experience and knowledge acquired by the defendants whilst working for the first plaintiff. In fact, it is SP1's own evidence that the Yeohata machine functions differently and better than the Coilmaster MK-1. We have perused the appeal record and considered the oral and written submissions of learned counsel for the parties. We are satisfied that there is no misdirection of the evidence on the part of the learned trial judge. The claim that the defendants have infringed the patent by using the Yeohata process is not borne out by the evidence adduced at the trial. Accordingly, we agree with the findings of the learned trial judge in relation to the issue of infringement of the patent.

Whether There Is A Breach Of Confidential Information, Breach Of Fiduciary Duties, Fraudulent Misrepresentation And Conspiracy To Injure?

[19] As the evidence relating to the abovementioned issues overlap, they will be considered together.

[20] The learned trial judge held that the claim for breach of confidential information was not made out. The plaintiffs' assertion of having spent RM2.8 million for research and development for the Yeohata was unsubstantiated as only invoices for components and parts from suppliers were produced. The assertion is not supported by the plaintiffs' audited accounts.

[21] The learned trial judge also found that that on the facts, the plaintiffs have failed to prove the existence of the three elements essential to a cause of action for breach of confidence, namely (a) that the information was of a confidential nature, (b) that it was communicated in circumstances importing an obligation of confidence and (c) that there was an unauthorised use of the information (see *Coco v. AN Clark (Engineers) Ltd* [1969] RPC 41). The Yeohata machine was based on the Nakamura and Tickwell machines. The plaintiffs did not produce any evidence to show that they had imparted the confidential information to the second and third defendants as there was no such confidential information. On the evidence of the witnesses for the plaintiffs and defendants, the learned trial judge also found that the so-called confidential information was included in the suppliers list, parts and components, machine operation, design and art. SP1 confirmed that the suppliers list and the process have been in the public domain.

[22] On the charge of breach of duties and fraudulent misrepresentation, learned counsel for the plaintiffs referred to a number of marketing documents prepared by the defendants of the Yeohata information which were inaccurate and misleading. According to the statement of claim, it is pleaded that the first defendant could not have manufactured any machine prior to its incorporation, the second defendant could not be a manufacturer of Yeohata as he was only a director, shareholder and marketing director of Moscoil, the third defendant could not be a manufacturer as he was at all material times an employee of the second plaintiff and that the defendants were never shareholders and/or directors of the first and second plaintiffs.

[23] In order to sustain an action for fraudulent misrepresentation, the plaintiffs must establish five essential facts. First, there must be a representation of fact by words or by conduct and mere silence is not enough. Second, the representation must be made with the knowledge that it is false, ie, it must be wilfully false or at least made in the absence of any genuine belief that it is true or recklessly (ie, without caring whether his representation is true or false (*Derry v. Peek* [1889] 14 App Cas 337). Third, the representation must be made with the intention that it should be acted upon by the claimant, or by a class of persons which will include the claimant, in the manner which resulted in damage to him. Fourth, it must be proved that the claimant acted upon the false statements. Lastly, it must be proved that the claimant has sustained damage by so doing (see *Bradford Third Equitable Benefit Building Society v. Borders* [1941] 2 All ER 205 at 211, per Viscount Maugham).

[24] We do not see any evidence to show that the representations, if any, were made to the plaintiffs. The documents referred to by learned counsel for the plaintiffs were addressed to third parties. Further, there is nothing to show that the plaintiffs had acted on the false statements to their detriment. In the circumstances, all the necessary elements to sustain the plaintiffs'

claim for breach of duties and fraudulent misrepresentation had not been established. Consequently, we agree with the findings of the learned trial judge that the plaintiffs' assertion of fraudulent misrepresentation is without merit.

[25] We now turn to the issue of conspiracy to injure. In order to sustain an action in conspiracy, the plaintiffs must plead and prove four essential ingredients. They are: (i) a combination or agreement between two or more individuals; (ii) an intent to injure; (iii) pursuant to which combination or agreement and with that intention certain acts were carried out; and (iv) resulting in loss and damage to the plaintiffs. The learned trial judge found that the evidence produced by the plaintiffs was not sufficient to establish the tort of conspiracy to injure. The first defendant company was not operational while the third defendant was a director of the first plaintiff. The defendants did not take any confidential information from the plaintiffs. There was no agreement to prevent the defendants from incorporating a new company. We have considered the evidence in totality and find that there is nothing to justify us in disturbing the findings of fact of the learned trial judge.

Defendants' Counterclaim

[26] The defendants' argument is that the Yeohata machine is not novel as it is already anticipated by prior art such as the Tickwell machine which was developed and sold to the public since 1991. According to the grounds of judgment, the learned trial judge found that the patent is not valid because the first plaintiff failed to inform the patent registrar about prior art Tickwell and Sri Dapat machines. The Yeohata patent was based on prior art which was already in the market such as Nakamura, Tickwell and Sri Dapat.

[27] The procedure for the invalidation of a patent is set out in s. 56 of the PA 1983. It provides that the court shall invalidate the patent if an aggrieved person proves the following facts set out under sub-s. 56(2):

(a) that what is claimed as an invention in the patent is not an invention within the meaning of s. 12 or is excluded from protection under s. 13 or sub-s. 31(1) or is not patentable because it does not comply with the requirements of ss. 11, 14, 15 and 16;

(b) that the description or the claim does not comply with the requirement of s. 23;

(c) that any drawings which are necessary for the understanding of the claimed invention have not been furnished;

(d) that the right to the patent does not belong to the person without whom the patent was granted; or

(e) that incomplete or incorrect information has been deliberately provided or caused to be provided to the Registrar under sub-s. 29A(4) by the person to whom the patent was granted or by his agent.

[28] It is necessary to appreciate that the patent which had been granted is in respect of a process as a perusal of the description of the invention in the patent documents will make clear. Reference to the prior art of other machines is made in the description which comprehensively explains the operation and process of the various functions of the mosquito coil making machine. Briefly stated, the invention provides apparatus for the production of mosquito coils in which much of the handling of the trays is automatically carried out and in which many of the operations which in the prior art apparatus are effected mechanically, can now be effected pneumatically or hydraulically because of the patent.

[29] SD2 testified on the workings of the Tickwell machine and said that the patent was not novel because of prior art. Similarly, SD4 testified on technical aspects of the pneumatic system machine of mosquito coils and that cylinder SA-34304 is similar to and has the same function with the Airtac cylinder used in Yeohata machine. SD4 also said that cylinder SA-203184 was designed with the third defendant's cooperation and that the tray movement of the Yeohata machine and the Coilmaster machine were different. In essence, the aforesaid statements of SD2 and SD4 are not statements of fact but opinions. We are constrained to find that SD2 and SD4 are not experts within the meaning of s. 45 of the Evidence Act 1950 as there is no evidence to show that either SD2 or SD4 are specially skilled in the technical process of making mosquito coil production pursuant to s. 40 of the Evidence Act 1950. In the circumstances, we agree with learned counsel for the plaintiffs that the evidence of SD2 and SD4 should have been ruled inadmissible and irrelevant.

[30] On the evidence we are satisfied that the defendants' assertions are without foundation. En Zulkarnain bin Mohammad (SD5) the Chief Examiner from the Patents Office confirmed under cross-examination that the fact that there is prior art for some features in a machine does not preclude an application for the other features of the machine without prior art. Further, there is uncontroverted evidence to show that there was proper disclosure of prior art by the first plaintiff in its application for the patent. Evidence of prior art is to be found not only in the comprehensive description of the invention; it is also specifically disclosed and identified under item (56) of the patent documents (see Record of Appeal Vol. 2 p. 283). We also agree with the submission of learned counsel for the plaintiffs that the defendants' failure to call the Registrar of Patents and one Mr Leong an expert witness is fatal to their counterclaim. The defendants' contention is clearly unsubstantiated. Accordingly, we are unable to agree with the findings of the learned trial judge on this issue. Her findings could not be supported by the evidence adduced. We are accordingly constrained to interfere with the findings of the learned trial judge on this issue.

Conclusion

[31] For the foregoing reasons, we would dismiss the plaintiffs' appeal against the decision of the learned trial judge dismissing the plaintiffs' claim for injunction, damages for infringement of the patent, breach of confidential information, breach of fiduciary duties, fraudulent misrepresentation and conspiracy to injure and for an account of profits. The decision of the learned trial judge invalidating the patent pursuant to the defendants' counterclaim is, however, set aside. Accordingly, the appeal is allowed in part. In light of the foregoing, we order that the costs of this appeal shall be borne by the parties respectively.